

Message Text

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 2936

C O N F I D E N T I A L PANAMA 0651

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LIMDIS

EEO 11652: GDS

TAGS: PFOR, PQ, PN

SUBJ: HIGHLIGHTS OF 396TH PRC MEETING, JANUARY 29

1. TREATY NEGOTIATIONS: AMBASSADOR REVIEWED STATUS OF TREATY TALKS FOLLOWING DEPARTURE OF US NEGOTIATORS. GOVERNOR EXPRESSED VIEW WE ARE IN VERY DIFFICULT SITUATION, IF NOT IMPASSE, OVER TWO MAJOR ISSUES: LAND-WATER USE AND SOFA. WITH REGARD FIRST ISSUE, GOVERNOR SAID PAN CANAL HAD FAITHFULLY COMPLIED WITH ORIGINAL INSTRUCTIONS TO CATEGORIZE LAND AND WATER REQUIREMENTS ACCORDING TO PRIORITY NEEDS. HOWEVER, HE FELT US NEGOTIATORS MAY HAVE RESORTED TO FALL-BACK POSITIONS WITHOUT PERHAPS EXPLOITING FULLY OTHER BARGAINING POSSIBILITIES. OTHER SIDE NOW WANTS MOST OF THE LAND AND EVEN SOME WATER. GOVERNOR STATED PAN CANAL LOOKING INTO POSSIBILITY OF RETURNING COCO SOLO AREA TO PANAMA BUT SAW LITTLE ELSE THAT HE COULD RECOMMEND TURNING OVER TO IMMEDIATE PANAMANIAN JURISDICTION.

2. REGARDING SOFA, GOVERNOR REPORTED AMBASSADOR KOREN HAD REQUESTED LIST, BY ORDER OF PRIORITIES, OF PRIVILEGES AND IMMUNITIES NEEDED FOR CANAL AGENCY CIVILIAN EMPLOYEES. GOVERNOR SAID HE HAD RESPONDED NEGATIVELY AND INDICATED HE CONSIDERS ISSUE IS NOT NEGOTIABLE, I.E., PAN CANAL
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EMPLOYEES SHOULD BE COVERED ENTIRELY BY SOFA, NOT PARTLY.

HE SAID AMBASSADOR KOREN WOULD BE CONVEYING HIS VIEWS TO AMBASSADOR BUNKER, BUT SAID HE SEES LITTLE OPPORTUNITY FOR COMPROMISE AS INITIAL U.S. OFFERS HAVE BEEN EXTREMELY GENEROUS.

3. GENERAL ROSSON STATED SOUTHCOM IS WRESTLING WITH SAME PROBLEM ON LAND-WATER USE. IT IS ALSO CONSIDERING POSSIBILITY OF MAKING AVAILABLE COCO SOLO AREA TO PANAMANIAN. CINC REFERRED TO LANGUAGE IN THRESHOLD AGREEMENTS WHICH STIPULATES THAT NEGOTIATED MATTERS WILL BE KEPT "UNDER CONTINUING REVIEW." HE CONSIDERED THIS IS A GOOD PROVISION BECAUSE IT WILL PERMIT FLEXIBILITY IN THE FUTURE BUT SAID IT WOULD BE DIFFICULT AT THIS JUNCTURE TO ESTABLISH SCENARIO FOR PROGRESSIVE IMPLEMENTATION OF TREATY OVER A TWENTY YEAR PERIOD. HE CHARACTERIZED PANAMANIAN LAND-USE PRESENTATION AS "PREPOSTEROUS" AND SAID IT CONTRADICTED AGREED POSITION IN THRESHOLD AGREEMENT WHICH STATES THAT AT ONSET OF NEW RELATIONSHIP U.S. INTENDS TO STRUCTURE ITS DEFENSE CONSISTENT WITH ARRANGEMENTS AS THEY NOW EXIST. CINC STATED HE HAD CONVEYED HIS VIEWS TO WASHINGTON.

4. BLUE STAR VI: AMBASSADOR AND GOVERNOR INDICATED THEIR CONCURRENCE WITH DRAFT SCENARIO FOR COMMAND POST EXERCISE.

5. PAN CANAL-GOP LIAISON: GOVERNOR DESCRIBED FOLLOWING MATTERS WHICH MR. GABRIEL LEWIS, IN HIS CAPACITY AS LIAISON OFFICIAL, IS COORDINATING BETWEEN GOP AND PAN CANAL/CANAL ZONE GOVERNMENT:

- A. PANCANAL ADVERTISEMENT FOR BIDS TO HANDLE STEVEDORING AT CRISTOBAL PIEGLS. GOVERNOR SAID LEWIS HAD DISCUSSED THIS MATTER WITH GENERAL TORRIJOS AND OBTAINED HIS ASSENT.
 - B. ESTABLISHMENT OF BANCO NACIONAL BRANCH IN CANAL ZONE. PAN CANAL COMPANY PRECLUDED FROM MAKING DEPOSITS IN FOREIGN BANKS BUT WILL NOT OBJECT TO SETTING UP LOCAL BRANCH IN ZONE FOR PRIVATE DEPOSITS.
 - C. SALE OF 2,000 TONS OF SCRAP IRON AND STEEL TO WHICH GOP WILL BE GIVEN FIRST OPTION.
 - D. POSSIBILITY OF LICENSING NEW AND OLD FRANCE FIELDS FOR USE BY COLON FREE ZONE. MAJOR PROBLEM FORESEEN
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IN THIS MATTER IS APPLICABILITY OF MINIMUM WAGE AND FAIR LABOR STANDARDS REQUIRED UNDER U.S. LEGISLATION.

6. SQUATTERS: GOVERNOR STATED ALL SQUATTERS IN PAN CANAL AREAS (AS DISTINCT FROM MILITARY RESERVATIONS) FORMERLY IN MADDEN DAM AND CHAGRES RIVER AREA HAVE DEPARTED AND THEIR HOUSES HAVE BEEN DESTROYED.

7. FHWA HOUSING: GOVERNOR ASKED AMBASSADOR WHETHER
FHWA EMPLOYEES WORKING AND RESIDING IN CANAL ZONE WOULD
BE ELIGIBLE FOR HOUSING ALLOWANCES IN REPUBLIC IF THEY

WERE REQUIRED VACATE PRESENT HOUSING. AMBASSADOR SAID
THIS QUESTION WAS REFERRED TO DEPARTMENT AND WE ARE
AWAITING REPLY.

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